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Strengthening of the United Nations system: central role of the United Nations system in global governance

Global economic governance and development

Report of the Secretary-General

Summary

The present report, submitted in response to General Assembly resolution 66/256, describes the recent international developments and their implications for global economic governance and development. These include recent deliberations regarding the growing role of the Group of 20 in economic and financial policy coordination and its engagement with the United Nations in pursuit of internationally agreed development goals, the reform of the international financial and trade institutions, the outcome of the United Nations Conference on Sustainable Development, as well as developments pertaining to other relevant United Nations processes such as the formulation of a post-2015 development agenda. The report derives conclusions and puts forward further recommendations on how to strengthen the international framework for global economic cooperation in support of development.

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I. Introduction

1. In its resolution 66/256, entitled "The United Nations in global governance", the General Assembly requested the Secretary-General to submit by the end of February 2013 an analytical report focusing on global economic governance and development, with further concrete recommendations, to be prepared in consultation with Member States and relevant organizations of the United Nations system, taking into account the United Nations Conference on Sustainable Development and the follow-up processes of all major United Nations conferences and summits in the economic, social and related fields, as appropriate.

2. The present report is a follow-up to the report of the Secretary-General on global economic governance and development (A/66/506), issued in October 2011. Steady progress is under way in global economic policy coordination and cooperation. The credible outcome of the United Nations Conference on Sustainable Development and the ongoing reform efforts at the Bretton Woods institutions have laid a foundation for broad based consultations to evolve a global sustainable development agenda. Continued reflection on the provisions of the 2011 report is warranted. A note verbale was sent to all Member States, seeking their views on the issue of global economic governance and development, and consultations were undertaken with the relevant organizations of the United Nations system. The responses received from Member States are available on a dedicated website (www.un.org/esa/ffd).

II. Main findings of the 2011 report of the Secretary-General on global economic governance and development

3. In line with the 2011 report, the term "global economic governance" refers to the role of multilateral institutions and processes in shaping global economic policies, rules and regulations. While efforts have been made over the years to enhance the policy and institutional architecture of global economic governance, including through reflecting the growing significance of emerging markets and developing countries, there remains the need for continuing reform on a number of fronts. For instance, it remains critically important for global economic governance structures to continue to better reflect the increasing importance of developing countries in the world economy. Moreover, there exists a deficit in coherence and consistency within the existing international monetary, financial and trading systems. Despite important efforts to fill these gaps, current institutional arrangements have proven complex. Important issues such as advancing a multilateral trade agreement and adopting a framework for climate change mitigation and adaptation remain pending. Moreover, there remain gaps in multilateral frameworks in a range of areas including debt sustainability, tax cooperation and migrants' rights.

4. Against this background, the 2011 report of the Secretary-General on global economic governance and development contained a number of recommendations pertaining to strengthening the architecture of global economic governance. In particular, it emphasized the importance of strengthening the role and effectiveness of the United Nations in global economic governance. The United Nations provides a truly universal and inclusive multilateral forum. Its legitimacy confers

incomparable value to its discussions, its negotiated agreements and its operational activities. It is essential to continue efforts to enhance coordination, cooperation, coherence and effective policymaking across the entire United Nations system and to establish frameworks that balance effectiveness with inclusiveness and representativeness.

5. The 2011 report outlined three types of measures to improve the functioning and working methods of the United Nations system aimed at: (a) enhancing the functioning of relevant United Nations organs and machinery; (b) promoting efficiency and coordination at the inter-agency and operational levels; and (c) raising the credibility and profile of the United Nations. Moreover, in the report, it was recommended that the performance of United Nations organs and bodies be periodically reviewed and, when necessary, strengthened.

6. Partly as a result of the shortcomings in the institutional architecture of global governance, a number of global groupings have emerged, namely, the Group of Seven, the Group of Eight, the Group of 10, the Group of 20 and the Group of 24, and their work continues independently without coordination. The membership of the Group of 20 goes beyond advanced economies to include emerging economies. It has also demonstrated greater willingness to involve non-members and foster cooperation with United Nations agencies and other relevant institutions on development issues. As a premier forum for international economic policy cooperation for its members, the Group of 20 has also involved think tanks and representatives of business, labour and civil society in its discussions. Nevertheless, several Member States, including members of the informal Global Governance Group, have emphasized the need to continue to enhance the relationship between the Group of 20 and the wider United Nations membership.

7. The report also addressed a range of important additional challenges relating to global economic governance, including the need for continuing efforts to enhance the voice and representation of developing countries in multilateral institutions, including the Bretton Woods institutions and other norm-setting and standard-setting bodies, such as the Bank for International Settlements and the Financial Stability Board. It also called for efforts to address gaps in multilateral frameworks in a range of areas (including debt sustainability, tax cooperation and migrants' rights) and to pay due attention to issues related to policy coherence among all international organizations in the face of cross-cutting challenges of an interconnected world.

8. Finally, the 2011 report asserted the need to better incorporate regional arrangements into the framework of global governance. The United Nations regional commissions can play a useful role in this regard and share the lessons learned from their presence on the ground and in reflecting regional and local sensitivities in global decision-making. A strengthened Economic and Social Council could play an important coordinating role in ensuring that regional and global processes inform one another.

III. Recent international developments

A. Enhancing engagement of the Group of 20 with the United Nations

9. The main focus of the Group of 20 during the global financial and economic crisis and its aftermath has been to address pressing issues emerging from the crisis

and to coordinate related policies. The Group has also been taking up the issue of global economic governance to some extent, with discussions focused on its role in addressing global challenges.

10. At the Cannes Summit in 2011, the Group of 20 described itself as unique in bringing together the major economies, advanced and emerging alike, to coordinate their policies and generate the political agreement necessary to tackle the challenges of global economic interdependence. It also emphasized that it would continue to be a leader-led and informal group and part of the overall framework of international governance. To that end, Group of 20 leaders, in the Cannes Declaration, decided to pursue consistent and effective engagement with non-members, regional and international organizations, including the United Nations, and other actors.

11. In the context of discussions on global economic governance, several Member States, most notably the members of the Global Governance Group, have called for intensifying the relationship between the United Nations and the Group of 20, given the complementarity of their work. In this regard, there has been a practice of regular briefings by presidents of the Group of 20 to the General Assembly before and after the Group's summits. This practice has been welcomed by many Member States as a step forward in strengthening the engagement between the United Nations and the Group. Prior to the Group's summit in Los Cabos, Mexico, the Global Governance Group sent a letter to the Secretary-General (A/66/821) containing proposals on (a) fostering a coherent global governance framework: constructive engagement between the United Nations and the Group of 20 and (b) promoting sustainable development, green growth and the fight against climate change. In response, the Mexican presidency of the Group of 20 confirmed that the Global Governance Group proposals had been duly taken into account at the Los Cabos meeting and had contributed to its successful outcome (see A/66/877).

12. More recently, the Global Governance Group, at its Fifth Ministerial Meeting held in New York on 28 September 2012, urged the Group of 20 to strengthen its engagement of non-members as well as regional and international organizations. In particular, Global Governance Group ministers called upon the Group of 20 to go beyond consultations with non-members and groupings, such as the Global Governance Group, and to find ways to incorporate their inputs into Group of 20 outcomes.

13. A move to incorporate these general concerns is under way. Discussions within Group of 20 have not only focused on policy coordination among advanced economies, but have also recognized the systemic significance of emerging markets and deliberated on the spillover impacts of the advanced economies actions on emerging and developing markets. In this context, the Group has called upon the International Monetary Fund (IMF) to enhance its surveillance framework to support the analysis of global rebalancing and the unintended spillover impact of conventional and non-conventional monetary policies. United Nations agencies are now also being involved in supporting the work on strong, balanced and sustainable growth, which offers an avenue for adding additional perspectives to the global economic policy debates. Achieving global economic recovery and stabilizing financial systems will have a far-reaching impact on United Nations member economies.

14. The Group of 20 through its dialogue has been supporting the enhancement of the voice and representation of developing countries in multilateral institutions,

including the Bretton Woods institutions and other norm-setting and standard-setting bodies, such as the Bank for International Settlements and the Financial Stability Board. Along with other multilateral institutions, United Nations and related bodies have been drawn proactively to address gaps in multilateral frameworks and formulate responses to critical issues such as financial regulation, debt sustainability, tax cooperation, long-term financing for development, labour market and job creation. Within the Group of 20 framework, a tradition has been established for multilateral institutions to work closely with the United Nations and pay due attention to issues relating to policy coherence among all international organizations in the face of cross-cutting global challenges. The Group of 20 Sherpa track has drawn on a range of institutions, including the Department of Economic and Social Affairs of the Secretariat, the United Nations Development Programme, the International Labour Organization and the United Nations Conference on Trade and Development (UNCTAD) to offer inputs to the Development Working Group (including the United Nations perspective on the world economy and prospects, climate finance, jobs, financial inclusion, and long-term investment financing).

B. Reform of international financial and trade institutions

15. Reforming international financial and trade institutions is an important element in making global economic governance more participatory and more conducive to sustainable development and green growth.

16. Broadening and strengthening the voice and participation of developing countries in multilateral frameworks and norm setting remains a priority on the global policy agenda. IMF and the World Bank have taken important steps to move towards a more representative, responsive and accountable governance structure (see A/67/187). Despite progress, the 2010 IMF governance reforms continue to await ratification by IMF members. In order for the entire reform package to enter into force, acceptance of the proposed amendment on reform of the Executive Board by three fifths of the Fund's 188 members (or 113 members) having 85 per cent of the Fund's total voting power, and consent to the quota increase by members having not less than 70 per cent of total quotas (as at 5 November 2010) are required. As at February 2013, 133 members having 70.8 per cent of total voting power accepted the amendment,[1] while 146 members having 77.1 per cent of total quotas had consented to their quota increase. Adoption of the entire package depends only on the largest shareholder completing the necessary steps. In January 2013, the IMF Executive Board submitted its report on the outcome of the quota formula review to the Fund's 188-member Board of Governors, in which it stated that progress in identifying key elements that could form the basis of a final agreement on a new quota formula had been achieved. It was agreed that this would form a good basis for the Executive Board to agree on a new quota formula that better reflected members' relative positions in the global economy as part of its work on the fifteenth General Review of Quotas, which would be concluded by January 2014.[2]

17. The World Bank has been positioning itself to service and coordinate with the United Nations to support the post-2015 development agenda. Among other things,

[1] See www.imf.org/external/np/sec/misc/consents.htm.

[2] "IMF Executive Board Reports on the Quota Formula Review", press release No. 13/30, 30 January 2013.

it has established a Financial Development Council that aims to assist the World Bank Group to achieve its potential in various areas of financial development, including its work on long-term finance and inclusive finance. Besides other matters, the Financial Development Council will continue partnerships, facilitate policy coordination with the Group of 20 finance track and IMF, and support existing work and initiatives with external organizations.

18. In addition, Member States recognized at the United Nations Conference on Sustainable Development that sustainable development should be given due consideration by the programmes, funds and specialized agencies of the United Nations system and other relevant entities, such as international financial institutions. Further reviewing governance structures and operational policies and instruments of international financial institutions in this regard would help to enhance global economic governance in support of sustainable development.

19. With regard to international trade, a major challenge remains to arrive at a development-oriented conclusion to the Doha Round, while respecting the principles of transparency, inclusiveness and consensual decision-making. Moreover, some additional issues have emerged which some countries have identified as being important for a more balanced and effective multilateral trading system. These include the governance of global and regional supply chains, food security, trade-related aspects of climate change and the impact of the proliferation of bilateral and regional trade agreements. Some of these subjects are also being discussed in the Group of 20 with support of the World Trade Organization (WTO) and others.

20. Trade-related aspects of climate change are one of the key issues for developing countries. Greening the global economy can open new markets with trade opportunities for all countries, which could generate employment. However, the view has also been expressed that some policies to support a green economy might restrict access to markets, distort international competitiveness and, in some cases, be incompatible with multilateral trade rules. Accordingly, a better understanding of the rules and potential impacts of green economy policies would be beneficial (see A/67/339). WTO already provides a platform for its members to monitor and discuss the interface between the green economy and international trade, including through its Committee on Trade and Environment.

C. Report by the Government of the United Kingdom of Great Britain and Northern Ireland on governance for growth: building consensus for the future

21. In November 2011, the Prime Minister of the United Kingdom, David Cameron, released the report entitled "Governance for growth: building consensus for the future". This had been undertaken in response to a request from France, which then held the presidency of the Group of 20, and had been prepared for the Group's Cannes Summit, which was held on 3 and 4 November 2011. While the United Kingdom report stated that the path to more effective governance did not necessarily require the creation of new institutions and processes, it emphasized the need for political will to act together and for building the political consensus necessary for coordinating policy and enabling existing institutions to work more effectively within their current mandates.

22. In the report, the Group of 20 and the United Nations were called upon to work closely with each other to maximize the value of such cooperation for both sides. It emphasized the importance of both entities finding practical ways to communicate more frequently and supporting each other's objectives. The report stated that the Group should strengthen and systematize its engagement with the United Nations through a variety of channels. This included endorsing the proposal of the Global Governance Group to regularize the practice of briefings and consultations with United Nations Member States; ensuring that each Group of 20 presidency appoints a senior official within the troika of past, present and future presidencies to oversee that engagement and maintain continuity; and making use of existing United Nations processes (such as the informal thematic debates of the General Assembly) for feeding in and highlighting issues and thereby allowing matters of mutual United Nations and Group of 20 interest to be debated by the United Nations membership. In addition, in the report, the Group of 20 was called upon to strengthen the coherence of global sustainable development governance. The United Nations Sherpa has been briefing the General Assembly on the deliberations of the Group annually.

23. The report asserted the need to continue reforming IMF and the World Bank; strengthen the functioning of the Financial Stability Board so that it can effectively address some of the underlying problems that led to the recent world financial and economic crisis; set in place measures to bring WTO activities and rules more closely in line with current and commercial realities; and move towards more effective global standards across a range of policy areas (including involving all key actors in the development of existing and future standards). Furthermore, the report emphasized the need to strengthen coherence among institutions and processes, especially those addressing challenges in cross-cutting areas such as energy, the environment and development.

D. United Nations Conference on Sustainable Development

1. Broad governance challenges in the context of sustainable development

24. The General Assembly, in its resolution 66/288, endorsed the outcome document of the United Nations Conference on Sustainable Development (held in Rio de Janeiro, Brazil, from 20 to 22 June 2012), entitled "The future we want". In the document, the need for strengthened international cooperation for sustainable development through economic growth and diversification, social development and environmental protection is emphasized. In this connection, Governments stressed the critical importance of the areas of finance, debt, trade and technology transfer, as well as innovation, entrepreneurship, capacity-building, transparency and accountability (resolution 66/288, annex, para. 19).

25. The outcome document provides broad governance parameters for green economy policies in the context of sustainable development and poverty eradication. These policies should be consistent with international law; respect each country's national sovereignty over their natural resources; be supported by an enabling environment and well-functioning institutions at all levels; promote sustained and inclusive economic growth for all and respect for all human rights and take into account the needs of developing countries, particularly those in special situations.

26. Moreover, green economy policies should strengthen international cooperation; effectively avoid unwarranted conditionalities on official development assistance and finance; not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade; contribute to closing technology gaps between developed and developing countries; enhance the welfare of vulnerable segments of the population; ensure the equal contribution of both women and men; promote productive activities in developing countries that contribute to the eradication of poverty; address the concern about inequalities and promote social inclusion, including social protection floors; promote sustainable consumption and production patterns and continue efforts to strive for inclusive, equitable development approaches to overcome poverty and inequality (ibid., para. 58).

27. Green economy policies are considered a multi-stakeholder effort. In this connection, Governments invite relevant stakeholders, within the United Nations system and other relevant intergovernmental and regional organizations, international financial institutions and major groups to support developing countries, upon request, to achieve sustainable development, in particular in least developed countries.

28. The contribution that both the public and the private sectors can make to the achievement of a green economy in the context of sustainable development, including through the important tool of public-private partnerships, are highlighted. Specifically, regulatory and policy frameworks that help enable business and industry to advance sustainable development initiatives are called for. Businesses should engage in responsible business practices, such as those promoted by the United Nations Global Compact. The importance of corporate sustainability reporting is acknowledged, and companies are encouraged to consider integrating sustainability information into their reporting cycle. In addition, industry, interested Governments and other stakeholders are encouraged to develop models for best practices and to facilitate action for the integration of sustainability reporting, taking into account the experiences of existing frameworks and paying particular attention to the needs of developing countries, including for capacity-building (ibid., paras. 46 and 47).

29. The role that a universal, rules-based, open, non-discriminatory and equitable multilateral trading system can play in sustainable development is reaffirmed in the outcome document. The members of WTO are urged to redouble their efforts to achieve an ambitious, balanced and development-oriented conclusion to the Doha Development Agenda, while respecting the principles of transparency, inclusiveness and consensual decision-making, with a view to strengthening the multilateral trading system. The need to provide assistance and enhanced cooperation of all relevant stakeholders to developing countries is also reiterated (ibid., para. 282).

30. Governments acknowledge the need to improve the quantity and quality of official development assistance and enhance its development impact. They recognize that the aid architecture has changed significantly over the last years, with new aid providers and novel partnership approaches. New opportunities for leveraging private flows have evolved through the interplay of development assistance with private investment, trade and new development actors. Moreover, Governments reaffirm their support for South-South cooperation, as well as triangular cooperation. South-South cooperation should be seen as an expression of

solidarity and cooperation between countries and should complement rather than substitute for North-South cooperation (ibid., paras. 259-260).

31. Governments also highlight the role that new partnerships and innovative sources of financing can play in complementing traditional sources of financing for sustainable development. Innovative financing mechanisms can assist developing countries to mobilize additional resources on a voluntary basis and should be scaled up where appropriate (ibid., para. 253). Innovative sources of finance can help finance climate change mitigation and adaptation and control communicable diseases as part of the sustainable development agenda.

32. In the outcome document, Governments call for greater coherence and coordination among the various funding mechanisms and initiatives related to the transition to a green economy in the context of sustainable development. They stress the need for adequate funding for the operational activities of the United Nations development system, as well as the need to make funding more predictable, effective and efficient as part of wider efforts to mobilize new, additional and predictable resources to achieve the objectives set forth in the outcome document. The work of the Global Environment Facility over the past 20 years in funding environmental projects is recognized. However, concrete proposals are put forward to improve its governance and capacity to deliver resources effectively to meet country needs for the national implementation of their international environmental commitments. For example, Governments express their support for further simplification of procedures and assistance to developing countries, and enhanced coordination with other instruments and programmes focusing on environmentally sustainable development (ibid., paras. 262, 264, 265).

33. Governments express their concern that current global economic and financial challenges could seriously jeopardize hard-won gains in debt reduction in developing countries. The need persists to support developing countries in achieving debt sustainability in the long term. Moreover, the importance of coordinated policies aimed at fostering debt financing, debt relief and debt restructuring is recognized (ibid., para. 263).

34. Specific emphasis is placed on the importance of further enhancement of the mainstreaming of sustainable development by international financial institutions in their respective mandates, programmes, strategies and decision-making processes. Referring to the governance of these institutions, Governments reaffirm the importance of strengthening the participation of developing countries in order to deliver more effective, credible, accountable and legitimate institutions. They take note of recent important decisions on reform of the governance structures, quotas and voting rights of the Bretton Woods institutions, aimed at better reflecting current realities and enhancing the voice and participation of developing countries (ibid., paras. 91-92).

35. Furthermore, Governments call upon the governing bodies of the funds, programmes and specialized agencies of the United Nations development system to mainstream the three pillars of sustainable development into their operational activities. They recognize the mutually reinforcing links among increased effectiveness, efficiency and coherence of the United Nations development system for sustainable development (ibid., paras. 93-94).

36. The need to promote a balanced integration of the three pillars of sustainable development at the regional, subregional, national and local levels is emphasized in

the outcome document. Governments encourage regional, national, subnational and local authorities to develop and utilize sustainable development strategies as key instruments for guiding decision-making and implementation of sustainable development at all levels. They also emphasize that regional and subregional organizations, including the United Nations regional commissions and their subregional offices, have a significant role to play in promoting a balanced integration of the economic, social and environmental dimensions of sustainable development in their respective regions (ibid., paras. 97, 98, 100).

2. Strengthening the institutional framework for sustainable development within the United Nations system

37. In the outcome document, Governments underscore the importance of a strengthened institutional framework for sustainable development that responds coherently and effectively to current and future challenges and efficiently bridges gaps in the implementation of the sustainable development agenda. The outcome document contains concrete provisions for strengthening intergovernmental arrangements for sustainable development. In it, Governments acknowledge the need for an inclusive, transparent, reformed, strengthened and effective multilateral system and reaffirm the commitment to promote and strengthen the effectiveness and efficiency of the United Nations system (ibid., paras. 77-78).

38. Governments further emphasize that the new institutional framework for sustainable development should promote synergies and coherence, seek to avoid duplication, eliminate unnecessary overlaps within the United Nations system, reduce administrative burdens and build on existing arrangements. This implies preserving well-established divisions of labour among institutions, bodies and forums and respecting comparative advantages among a diverse set of actors.

39. Governments reaffirm the role and authority of the General Assembly on global matters and its central position as the chief deliberative, policymaking and representative organ of the United Nations. In that regard, they call upon the Assembly to adequately address sustainable development in its agenda-setting, including through periodic high-level dialogues. Similarly, the function of the Economic and Social Council as a principal organ in the integrated and coordinated follow-up of the outcomes of all major United Nations conferences and summits in the economic, social, environmental and related fields and its key role in achieving a balanced integration of the three dimensions of sustainable development is recognized (ibid., paras. 80, 83).

3. High-level political forum

40. In the outcome document, Governments set out to establish a universal, intergovernmental, high-level political forum, building on the strengths, experiences, resources and inclusive participation modalities of the Commission on Sustainable Development, and subsequently replacing it. Governments decided that such a high-level forum could provide political leadership, enhance integration of the three pillars of sustainable development, provide a dynamic platform for regular dialogue and have a focused, dynamic and action-oriented agenda, ensuring the appropriate consideration of new and emerging sustainable development challenges. Moreover, it could follow up and review progress in the implementation of sustainable development commitments, encourage high-level system-wide

participation of United Nations agencies, funds and programmes and other relevant stakeholders, improve system-wide coherence, coordination and cooperation on sustainable development, promote the sharing of best practices and experiences and strengthen the science-policy interface, enhance evidence-based decision-making at all levels (ibid., paras. 84-85).

41. In this connection, the General Assembly has launched an intergovernmental and open, transparent and inclusive process to define the format and organizational aspects of the high-level forum, with the aim of convening the first high-level forum at the beginning of the sixty-eighth session of the Assembly. In paragraph 3 of its resolution 67/203, entitled "Implementation of Agenda 21, the Programme for the Further Implementation of Agenda 21 and the outcomes of the World Summit on Sustainable Development and of the United Nations Conference on Sustainable Development", the Assembly called for the negotiation process under the General Assembly to define the format and organizational aspects of the high-level political forum to start in January 2013 at the latest and to aim to conclude by May 2013 so as to provide enough time to prepare the first high-level forum to be convened at the beginning of the sixty-eighth session of the Assembly, and requested the Secretary-General to submit a focused and concise report on lessons learned from the Commission on Sustainable Development, compiling relevant existing information in consultation with Member States and benefiting from the inputs of major groups and other stakeholders, to inform the negotiations.

42. In the outcome document, the need to mainstream the three pillars of sustainable development into the work programme of the United Nations is recognized and, in that context, policy coordination within key structures of the United Nations Secretariat must be strengthened so as to ensure system-wide coherence in support of sustainable development, while ensuring accountability to Member States. At the same time, the governing bodies of the funds, programmes and specialized agencies of the United Nations development system are invited to consider appropriate measures for integrating the social, economic and environmental dimensions across the operational activities of the United Nations system (resolution 66/288, annex, para. 94).

43. Specific action is taken to strengthen international environmental governance. The United Nations Environment Programme (UNEP) is recognized as the leading global environmental authority that sets the global environmental agenda, promotes the coherent implementation of the environmental dimension of sustainable development within the United Nations system and serves as an authoritative advocate for the global environment.

44. Following concrete recommendations contained in the outcome document, UNEP has been upgraded, including through the establishment of universal membership in its Governing Council (ibid., para. 88).

45. The contributions to sustainable development made by the multilateral environmental agreements are recognized in the document. Member States pledge to implement measures to promote policy coherence at all relevant levels, improve efficiency, reduce unnecessary overlap and duplication and enhance coordination and cooperation among the multilateral environmental agreements, including the three Rio conventions, as well as with the United Nations system in the field (ibid., para. 89).

4. Sustainable development goals

46. While Governments underscore their firm commitment to the full and timely achievement of the Millennium Development Goals, they resolve to establish an intergovernmental process with a view to developing global sustainable development goals to be agreed by the General Assembly. In their words, these goals should be action-oriented, concise and easy to communicate, limited in number, aspirational, global in nature and universally applicable to all countries, while taking into account different national realities, capacities and levels of development and respecting national policies and priorities (ibid., para. 247). Following the call made in the outcome document, the Assembly initiated an Open Working Group of the General Assembly on Sustainable Development Goals that comprises 30 representatives, nominated by Member States from the five United Nations regional groups (see decision 67/555). The Group will submit a report to the Assembly at its sixty-eighth session containing a proposal for sustainable development goals for consideration and appropriate action. Governments highlight that the process needs to be coordinated and coherent with the processes to consider the post-2015 development agenda (resolution 66/288, annex, paras. 245-248).

5. Sustainable development financing strategy

47. The outcome document recognizes the need for significant mobilization of resources to promote sustainable development. For this purpose, Governments agreed to establish an intergovernmental committee, comprising 30 experts nominated by regional groups, with equitable geographical representation, with a view to preparing a report proposing options on an effective sustainable development financing strategy to facilitate the mobilization of resources and their effective use in achieving sustainable development objectives. The committee is to conclude its work by 2014 and will prepare a report that proposes options for an effective sustainable development financing strategy for sustainable development objectives (ibid., paras. 254-257).

48. Building on the outcome document, the Economic and Social Council, in its resolution 2012/31, and the General Assembly, in its resolutions 67/199 and 67/203, recalled paragraphs 255 to 257 of the document and emphasized the need to reinforce coherence and coordination and to avoid a duplication of efforts with regard to the financing for development process.

E. Other relevant United Nations processes

1. Strengthening of the financing for development follow-up process

49. Some implications for global economic governance emerge from discussions on improving the financing for development follow-up process. In his report on modalities of the financing for development follow-up process (A/67/353), the Secretary-General suggested three possible options for strengthening the financing for development intergovernmental follow-up, as follows: (a) the continued incremental evolution of existing modalities of the financing for development process; (b) the creation of a new intergovernmental body to strengthen financing for development follow-up; and (c) ensuring coordination and coherence with the intergovernmental process on sustainable development financing.

50. The third option was reiterated in paragraph 32 of General Assembly resolution 67/199, entitled "Follow-up to the International Conference on Financing for Development". Moreover, in the same resolution (para. 33), the General Assembly decided to hold open, transparent and inclusive consultations to review and explore the modalities of the financing for development process, including possible arrangements to strengthen the process, as well as options for bringing together the various processes covering development financing in an integrated manner, taking into account the recommendations contained in the report of the Secretary-General on modalities of the financing for development follow-up.

2. Articulating the post-2015 development agenda

51. Since 2000, the Millennium Development Goals have served as a global development framework. As the target date for the Goals approaches, preparations are under way to formulate the global development agenda beyond 2015. This process will involve discussions on how to enhance mechanisms of global governance, in order to achieve the new development goals to be determined by Member States. In addition, Member States stressed at the United Nation Conference on Sustainable Development that the intergovernmental process to develop a set of sustainable development goals needs to be coordinated with the post-2015 development agenda.

52. The United Nations system task team on the post-2015 United Nations development agenda, in its report entitled "Realizing the future we want for all", provides some initial ideas for such an agenda. The task team proposed that the agenda retain the format based on concrete end goals and targets, which is widely considered one of the key strengths of the Millennium Development Goals framework. In addition, the agenda should respond to a number of challenges that have become more pressing since the adoption of the Millennium Declaration, such as inequalities, climate change, sustainable development and peace and security. The task team advocated emphasis on the core values of human rights, equality and sustainability and integration of the following four key dimensions: (a) inclusive social development; (b) inclusive economic development; (c) environmental sustainability; and (d) peace and security.

53. The report of the task team emphasizes the need to focus on a set of enablers to support the post-2015 framework, including governance. The multilateral trade, finance and environmental architectures will need to be reassessed to ensure greater coherence, so that they can more effectively enable implementation of the post-2015 agenda. The recent food, fuel and financial crises have highlighted the interconnectedness of the global economic and financial system. Climate change, rising migration, and financial instability are challenges with global ramifications. Yet, the policies, rules and institutions established to govern these processes remain mostly national, while global mechanisms are strongly compartmentalized. Moreover, institutions of global governance differ in constituencies and the distribution of voice and power among their respective memberships. These further underscore the need for reforms of global governance mechanisms to address democratic deficits in some of the institutions of global governance so as to facilitate legitimacy in their decision-making.

54. Countries have created regional institutional arrangements to address numerous challenges, including regional mechanisms of financial cooperation and

informal arrangements to approach regional issues of migration. These arrangements are important in responding to specific regional needs, but they may require coordination to avoid policy fragmentation and incoherence with multilateral regimes and international standards.

3. Quadrennial comprehensive policy review of United Nations operational activities for development

55. The General Assembly's quadrennial comprehensive policy review is the primary policy instrument to define the way the United Nations development system operates to support programme countries in their development efforts. On 21 December 2012, the Assembly adopted resolution 67/226 on the quadrennial comprehensive policy review of United Nations operational activities for development. The changes endorsed in that resolution signal the importance attached by Member States to enhanced system-wide coherence as a strategy for improving the relevance and effectiveness of the United Nations development system. In particular, it stressed the need to make the United Nations development system more relevant, coherent, efficient and effective in its support to developing countries to achieve the internationally agreed development goals. It also recognized the major role of the Economic and Social Council, within its mandate under the Charter of the United Nations, in the overall coordination of funds, programmes and specialized agencies.

56. In the resolution, the Assembly also recognized the value of improving linkages between operational activities and norms and standards, such as freedom, peace, security and human rights, and the importance of mainstreaming sustainable development into the mandates, programmes, strategies and decision-making processes of United Nations entities. There was also for the first time intergovernmental recognition of the "Delivering as one" model, although it remains a voluntary option.

4. High-level thematic debate on the state of the world economy and finance in 2012

57. The role of the United Nations in deliberations on global economic and financial issues and their impact on development was highlighted by the General Assembly's high-level thematic debate on the state of the world economy and finance in 2012 (New York, 17-18 May 2012), convened jointly by the President of the General Assembly and the Secretary-General. The objective of the meeting was to explore ways of improving the overall global economic and financial situation and to discuss its impact on development efforts and social processes. The two-day event consisted of plenary sessions, including summit and ministerial segments, and four round tables on: (a) combating unemployment, creating jobs (especially for women and youth) and addressing poverty; (b) reducing debt vulnerability, managing inflation/deflation; (c) limiting commodity price fluctuations, increasing production, trade and investment; and (d) increasing stability, predictability and transparency in the financial sector. A key message of the meeting was that the world economy and finance was facing pressing challenges that required forceful and internationally coordinated policy responses, and that the United Nations could play a central role in promoting inclusive and equitable economic growth and poverty reduction.

58. The event served as a significant contribution to the follow-up process of the 2009 Conference on the World Financial and Economic Crisis and Its Impact on Development. Similar discussions at the highest political level within the United Nations on economic and financial issues and their repercussions on developing countries and small economies will be a useful element of a more inclusive and participatory global economic governance framework.

5. Economic and Social Council reform

59. Since the mid-1990s, the Economic and Social Council has played an essential and evolving role in the implementation and monitoring of the United Nations development agenda. In the outcome document of the United Nations Conference on Sustainable Development, world leaders made a specific commitment to strengthen the Council and recognized its key role in achieving a balanced integration of the three dimensions of sustainable development. In the immediate follow-up to the Conference, at the special ministerial meeting of the Economic and Social Council in September 2012, Member States expressed support for a major system-wide reconsideration or "rethinking" of the Council's agenda setting, working methods and multi-stakeholder engagement.

60. As mandated by the Council in its resolution 2012/30, a range of ideas to strengthen it, including its role in the integration of the three pillars of sustainable development, are being discussed. The Council proposed adoption of an annual main theme for discussion involving all relevant parts of the entire Economic and Social Council system, according to their areas of specialization. It is also being proposed that the Council establish separate, shorter sessions focused on specific issues throughout the calendar year. The proposal envisages an annual session, which would be the locus for review of the work of the entire Economic and Social Council system and integration of the three pillars of sustainable development. With regard to its work on financing for development, there is an initiative by the President of the Council to establish a working group composed of the Bureau and the representatives of the Bretton Woods institutions, WTO and UNCTAD to promote coherence in the work of the organizations. The Council would also seek to reinforce coherence and coordination and avoid duplication of efforts between the work undertaken on financing for development and financing for sustainable development, which is consistent with the outcome of the United Nations Conference on Sustainable Development.

61. The outcome document of the United Nations Conference on Sustainable Development also mandates establishment of links between the Economic and Social Council and the future high-level political forum in order to avoid duplication or creating parallel tracks. The terms of the linkages could be established during the process that determines the working methods of the Forum. The Council has a system of bodies that could be used effectively in support of the Forum, and could generate and provide the research, evidence, knowledge networks and partnerships upon which the Forum could draw to increase its effectiveness.

6. Strengthening the role of the Group of 77

62. The prominent role of the Group of 77 in the deliberations and decision-making processes at the intergovernmental machinery of the United Nations is key in shaping and achieving United Nations development goals. This is of particular

importance as the United Nations attempts to articulate a more coherent and coordinated path around the post-2015 development agenda, including the follow-up to the United Nations Conference on Sustainable Development. In his remarks at the handover ceremony of the chairmanship of the Group of 77 and China on 15 January 2013, the Secretary-General emphasized the importance of the engagement and leadership of the Group of 77 on issues pertaining to his five-year action agenda, comprising sustainable development; the prevention of conflicts and disasters, human rights abuses and development setbacks; the building of a safer and more secure world; supporting nations in transition; and empowering women and young people. As the Group of 77 evolves a consistent and coherent position on development issues, it could serve as a platform for interface with the Group of 20.

F. Engagement with non-State actors

1. Enhancing the engagement with civil society and the private sector

63. Engagement and partnerships between Governments, international organizations, civil society, the private sector and other relevant stakeholders can in a number of instances enable a greater mobilization of knowledge and resources, allow a higher level of public participation and support for development initiatives and further capacity-building and policy formulation at multiple levels.[3]

64. In the outcome document of the 2012 United Nations Conference on Sustainable Development, Governments stressed the important role of non-State actors in furthering sustainable development. They noted that broad public participation and access to information and judicial and administrative proceedings were essential to the promotion of sustainable development and, in this respect, recognized the importance of having active engagement with both civil society and the private sector.

65. Governments acknowledged the role of civil society and the importance of enabling all members of civil society to be actively engaged in sustainable development, and recognized that improved participation of civil society depended upon, inter alia, strengthening access to information, building civil society capacity and facilitating the flow of information between government and the public. Leaders at the United Nations Conference on Sustainable Development also noted the importance of having active engagement between public and private sectors. In this regard, they emphasized the important tool that public-private partnerships represented and encouraged industry, interested Governments as well as relevant stakeholders with the support of the United Nations system, as appropriate, to develop models for best practice and facilitate action for the integration of sustainability reporting, taking into account the experiences of already existing frameworks, and paying particular attention to the needs of developing countries, including for capacity-building.

66. Overall, there was recognition among the leaders assembled at the Conference of the fact that, without the active involvement of business and civil society in policy development and implementation, the pace of political action in furthering

[3] "Major Groups and Stakeholders Advisory Group on International Environmental Governance" submission to the "Global Sustainability Panel", 28 March 2011.

sustainability could move neither as quickly nor as efficiently as the challenges warranted.

2. Civil society

67. There exists a diversity of civil society viewpoints on issues relating to global economic governance and development. In recent years, arguments made by diverse representatives of civil society in a variety of forums, reports and publications have stressed the need for a more unified and inclusive version of governance if multilateralism is to succeed, including a more complete set of institutions and the participation of all relevant stakeholders. A range of suggestions have been provided around this theme, as follows.

(a) Governments and multilateral organizations should be open to wider partnerships and collaboration with all non-State actors, including civil society in all its diversity, to enable practical solutions to emerge;[3]

(b) Reforms to the global governance architecture should be discussed among all stakeholders and have implications for all levels of policymaking. A meaningful reform process must involve developing countries at all stages and aim to strengthen institutions and actors in sustainable governance at all levels, specifically at the regional, subregional, national and local levels;[3]

(c) Structured global civil society online consultations would also be an effective means to gather worldwide civil society expertise and proposals on global economic governance reform;[4]

(d) Multilateral institutions and processes need to become more effective, trustworthy and fair. There is a need for coherence and coordination among different agencies, institutions and activities relevant to the institutional framework for sustainable development. Many small and developing countries currently remain marginalized or excluded from global decision-making processes, for instance, within the Bretton Woods institutions or the Group of 20. Enhancing the voice and participation of those groups would enhance the legitimacy and effectiveness of the global economic governance architecture.

(e) It is necessary for policymakers at all levels to take a balanced approach across the three pillars of sustainable development — economic, social and environmental.[5] There needs to be cross-fertilization and cross-referencing between the pillars. In this regard, civil society has an important role in the design and implementation of sustainable development frameworks and activities.

68. The above represents only a sample of the views and opinions that have emerged from diverse civil society entities on issues pertaining to global economic governance and development. It should not be seen as representing a monolithic civil society viewpoint, but rather as providing a flavour of some of the issues that are considered important by certain entities.

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[4] Examples include consultations undertaken by the United Nations Non-Governmental Liaison Service (http://www.un-ngls.org/spip.php?page=recherche).

[5] "Perspectives on an institutional framework for sustainable development", Martin Khor, Executive Director, South Centre.

3. Private sector

69. The international private sector is a diverse entity with a variety of viewpoints on governance and development-related issues. Private sector representatives at United Nations meetings have nevertheless consistently emphasized the importance of involving the business community in policy discussions, actions and evaluations at all levels.

70. Most business representatives view the Millennium Development Goals and the post-2015 development agenda as integral to their business interests and to their global citizenship. To capture the benefits of increased private sector investment, Governments and development agencies need to work more directly with the private sector in identifying investment impediments and remedies, enhancing government capacity to create business-enabling environments, and to develop small and medium-sized businesses.

71. Private sector representatives have over the years highlighted the need for a defined long-term financing for development follow-up process with results-oriented consultations, involving public and private experts, organized at the global, regional and country levels. Business representatives have argued for a centralized intergovernmental mechanism to coordinate these activities at multiple levels.[6] A key focus of these consultations would be the development and scaling-up of effective mechanisms, programmes, policies and tools that could leverage the limited official resources available, including those of development agencies, by harnessing resources from the private sector and foundations.

72. At the United Nations Conference on Sustainable Development, Business Action for Sustainable Development 2012, convened by the International Chamber of Commerce, the World Business Council for Sustainable Development and the United Nations Global Compact, and joined by 10 prominent international industry associations, provided business leaders an official and unified platform from which to contribute input, expertise and constructive solutions throughout the negotiations. It emphasized the need to establish a new standard of engagement between the United Nations and the private sector in order to mobilize the required resources to attain tangible results on a global scale. To accelerate this process, participants called upon the United Nations to foster a new level of consultation and collaboration with business and other key stakeholders in these efforts.[7]

73. In addition, the Corporate Sustainability Forum held during the Conference convened over 2,700 participants, approximately half of whom were from the business and investor community and half from civil society, academia, cities, Government and the United Nations. It served as a launching ground for a large number of new activities, resources and commitments to action by individual businesses, multiple companies and public-private partnerships. The high-level closing plenary meeting gathered leaders from business, government, civil society and the United Nations to deliberate on strategies for a new era of global

[6] For example, see "remarks delivered by Jean Rozwadowski, Secretary-General of the International Chamber of Commerce on the occasion of the interactive dialogue chaired by the President of the General Assembly", 24 March 2010 (www.un.org/esa/ffd/hld/HLD2010/Business/JeanRozwadowski.pdf).

[7] "A Sustainable Path Forward: Business Perspectives on Rio+20", Business Action for Sustainable Development 2012.

sustainability. The outcome of the closing session was overwhelming support for the sustainable development goals, with approximately 1,000 business executives expressing a desire to work with Governments in setting goals and targets.[8]

IV. Conclusions and recommendations

74. **There exist new challenges and opportunities within the United Nations system to support a more effective system of global economic governance. The highest priority is the implementation of the recommendations contained in the outcome document of the United Nations Conference on Sustainable Development, which seeks to address broad governance challenges in moving towards a green economy in the context of sustainable development, and to strengthen the institutional framework for sustainable development. That framework should enhance coherence, coordination, cooperation and effectiveness across the United Nations system by integrating the three dimensions of development in a balanced manner and helping to implement commitments in the economic, social, environmental and related fields.**

75. **To enhance the functioning of the United Nations, there is a need to strengthen the effectiveness and the coordinating role of the principal organs, such as the General Assembly and the Economic and Social Council, and their subsidiary machinery. Coherence needs to be ensured across various United Nations intergovernmental processes, including those relating to sustainable development, the post-2015 development agenda and financing for development. In this context, normative, analytical and operational activities should be effectively integrated at the global, regional and national levels. On the intergovernmental side, the Group of 77, as the largest United Nations country group, has an important role to play.**

76. **The Group of 20 should continue to strengthen and systematize its engagement with the United Nations, as proposed by the Global Governance Group. The Group of 20 should further strengthen its relationships with formal institutions, non-members and other relevant stakeholders.**

77. **A more participatory system of global economic governance requires further broadening and strengthening of the involvement of developing countries in international economic decision-making and norm-setting. Reforms of the governance structures of the Bretton Woods institutions need to better reflect members' relative positions in the world economy and protect the voice representation of the poorest members.**

78. **An important element in an effective system of global economic governance is the active participation of relevant non-State actors, including civil society and the private sector, in dialogue and activities pertaining to development. Efforts to enhance engagement and partnerships with these actors should continue.**

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[8] "Innovation and Collaboration for the Future We Want: Overview and Outcomes", Rio+20 Corporate Sustainability Forum, 15-18 June 2012.